

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-3856

April 1, 2004

R E S O L U T I O N

Resolution E-3856. Southern California Water Company (SCWC) doing business as Bear Valley Electric Service (BVE) is authorized to continue in rates its collection of funds for public purpose programs related to research and development and renewable resource technologies.

SUMMARY

This Resolution authorizes Southern California Water Company (SCWC) doing business as Bear Valley Electric Service (BVE) to continue collecting the amount currently established in its electric tariffs to fund public purpose programs related to research and development (R&D) and renewable resource technologies. This resolution is made on the Commission's own motion upon Commission staff discovery that BVE customers are no longer eligible for participation in the California Energy Commission's (CEC) Emerging Renewables Program.

BACKGROUND

Public Utilities Code Section 381 authorized the electrical corporations to collect in rates a surcharge for Public Purpose Programs (also known as a Public Goods Charge, or PGC) for the period from 1998 to March 2002. A portion of those funds was remitted to the CEC to fund renewable energy programs and public interest research and development (R&D) activities. Pub. Util. Code Section 381(g) states that the Commission's authority to collect funds pursuant to that section expired on March 31, 2002.

Commission Decision 97-12-093 authorized SoCal Water, doing business as Bear Valley Electric Service, to collect funds through rates for specific Public Purpose Programs. Resolution E-3556 authorized BVE to increase rates for its electric customers to collect \$112,000 annually to fund new Public Purpose Programs for

R&D and renewable resource technologies. BVE has remitted those funds to the CEC for administration through the CEC's Renewable Energy Program.

Chapter 1051 of the Statutes of 2000 reauthorized the funding and added Pub. Util. Code Section 399.8, which directs how those funds will be allocated and used. Pub. Util. Code Section 399.8(c)(1) directs the Commission to require the electrical corporations to "collect revenues to fund...renewable energy, and research, development and demonstration programs authorized pursuant to this section beginning January 1, 2002, through January 1, 2012." Thus, the PGC-funded programs begun under Section 381 will continue under the new authority of Section 399.8. Pub. Util. Code Section 399.8(c)(2) states that the rate component for these programs "may not exceed, for any tariff schedule, the level of the rate component that was used to recover funds authorized pursuant to Section 381 on January 1, 2000."

DISCUSSION

Energy Division has received multiple inquiries from BVE customers regarding their inability to participate in the CEC Emerging Renewables Program. BVE has communicated to Energy Division that they are collecting the PGC rate component for the R&D and renewable resource technologies programs, and continue to remit those funds quarterly to the CEC. The CEC has indicated to Energy Division that while it is accruing those funds in the appropriate accounts (i.e. the Renewable Resources Trust Fund and the Public Interest Research, Development, and Demonstration Fund), it does not allow BVE customers to participate in its renewable energy programs. The Commission has not formally authorized BVE to continue collection of its PGC rate component for these programs, thus the CEC has informed Energy Division that it does not have the assurance it needs to disburse the funds for renewable energy projects.

We now examine the relevant Code sections governing collection of PGC funds for the period 2002 through 2012. Pub. Util. Code Section 399.8(b)(1) states:

"Every customer of an electrical corporation, shall pay a nonbypassable system benefits charge authorized pursuant to this article. The system benefits charge shall fund...renewable energy, and research, development and demonstration."

The plain language of the law refers to "[e]very customer of an electrical corporation" under jurisdiction of the Commission. In D. 97-12-093 we determined that it was reasonable for BVE to collect funds for R&D and

renewable resource programs. Resolution E-3556 approved BVE's Advice Letter 175-E, approving collection of those funds. Since the statute continues PGC-funded programs through January 1, 2012, it is reasonable and indeed required that BVE continue its participation in those programs.

Resolution E-3556 stated that the CEC "requires that the Commission authorize the \$112,000 funding level for BVE's programs...so that it may administer these funds." Because the Commission's authority to collect PGC funds under Pub. Util. Code Section 381 expired in March 2002, the CEC again requires that the Commission authorize BVE's continued collection of PGC funds under the continuation authority of Pub. Util. Code Section 399.8 before it will allow BVE customers to participate in and receive benefits from its programs.

We confirm that monies already collected by BVE since March 31, 2002, and remitted to the CEC for these programs were collected pursuant to Pub. Util. Code Section 399.8. By approval of this resolution, BVE may continue to collect PGC funds for the programs at an amount not to exceed the level of the rate component in place on January 1, 2000. The rate component for BVE at that time was 0.1 cents per kWh, and this rate continues to be reflected in BVE's electric tariffs¹. BVE shall continue to make quarterly remissions to the CEC to fund the R&D and renewable resource programs.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties and other

¹ The tariffs split this rate into two components: "Research and Development" funded at 0.0005 cents per kWh, and "Renewable Resource Technologies" funded at 0.0005 cents per kWh.

interested persons that contacted Energy Division related to this matter for comments.

Comments were timely received by Roy L. Brownie, a customer of BVE, on March 21, 2004. Mr. Brownie expressed support for the draft resolution in comments. No party submitted reply comments.

FINDINGS

1. The Commission's authority to collect funds for Public Purpose Programs pursuant to Pub. Util. Code Section 381 expired on March 31, 2002.
2. The Commission's authority to collect these funds was continued in Pub. Util. Code Section 399.8.
3. Pub. Util. Code Section 399.8(b)(1) requires participation in the PGC-funded programs by the electrical corporations, including BVE.
4. The utilities' PGC rate component after March 31, 2002 must not exceed the level of the rate component in place on January 1, 2000.
5. BVE has continued to collect funds at the rate of 0.1 cents per kWh to fund R&D and renewable resource programs administered by the CEC.
6. The monies already collected by BVE since March 31, 2002, and remitted to the CEC for these programs were collected under the authority of Pub. Util. Code Section 399.8. The monies should be made available for R&D and renewable resource programs administered by the CEC.
7. It is reasonable for BVE to continue collecting the amount currently established in its electric tariffs to fund the R&D and renewable resource programs described herein, and to remit those funds to the CEC for administration through those programs.

THEREFORE IT IS ORDERED THAT:

1. SCWC doing business as BVE is authorized to continue collection in rates, in the amount currently established in its electric tariffs, to fund public purpose

programs related to research and development and renewable resource technologies.

2. BVE shall remit the funds collected for these programs since March 31, 2002 to the CEC for administration through its R&D and renewable resource programs.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on April 1, 2004; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director

MICHAEL R. PEEVEY
President
CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners